

**CONTENTS**

	<b>Page No.</b>
Board of Directors & Other Information Cover Inside	
Financial Highlights	1
Notice	2
Director's Report	8
Corporate Governance Report	13
General Shareholders Information	21
CEO & CFO Certificate & Auditor's Certificate	24
Auditors' Report	28
Balance Sheet, Statement of Profit and Loss	31
Cash Flow Statement	33
Notes to Financial Statements	34
Secretarial Audit Report	62
Attendance Slip	63

**Chief Financial Officer**

**Company Secretary**

**Statutory & Tax Auditors**

**Internal Auditors**

**Cost Auditors**

**Secretarial Auditors**

**Bankers**

**Technical & Financial Collaborator**

**Registered Office & Works**

**Share Transfer Agents**

**BOARD OF DIRECTORS**

Brijmohan Lall Munjal (Chairman)  
 Yogesh Chander Munjal (Managing Director)  
 Tetsuo Terada (Joint Managing Director)  
 Akira Kadoya (upto May 23, 2012)  
 Katsuhiko Matsuura (w.e.f. May 23,2012)  
 Ashok Kumar Munjal  
 Pankaj Munjal  
 Krishan Chand Sethi  
 Vinod Kumar Agarwal  
 Anil Kumar Vadehra  
 Surinder Kumar Mehta  
 Nand Dhameja  
 Devi Singh

Mahesh Taneja

Pankaj Gupta

S R Batliboi & Co.,  
 Chartered Accountants, Gurgaon

Vaish & Associates,  
 Chartered Accountants, New Delhi

Ramanath Iyer & Co., Cost Accountants, Delhi

Chandrasekaran Associates,  
 Company Secretaries, New Delhi

The Bank of Tokyo-Mitsubishi UFJ Limited  
 Standard Chartered Bank  
 Citi Bank N.A.

State Bank of India

Canara Bank

HDFC Bank Limited

Kotak Mahindra Bank Limited

The Bank of Nova Scotia

**Showa Corporation**

1-14-1, Fujiwara-Cho

Gyoda- shi Saitama Ken, Japan

**Gurgaon Plant & Registered Office**

9-11, Maruti Industrial Area, Gurgaon-122015

**Manesar Plant**

Plot No. 26 E & F, Sector 3, IMT Manesar,  
 Gurgaon - 122 050

**Haridwar Plant**

Plot No. 1, Industrial Park-2, Phase-1,  
 Salempur Mehdood, Haridwar- 249403 Uttarakhand

**MCS Limited**

F-65, Okhla Industrial Area, Phase I,  
 New Delhi - 110 020

Tel: 011-41406149-52; Fax: 41709881

Email: admin@mcsdel.com

## YEARLY FINANCIAL RESULTS AT A GLANCE

	(Rs. in lacs)				
	March'12	March'11	March'10	March'09	March'08
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	24816.28	19497.88	17254.96	15729.81	14597.07
Total Shareholder's Funds	25616.20	20297.80	18054.88	16529.73	15396.99
Unsecured Loans	1000.00	500.00	3124.14	0.00	0.00
Secured Loans	6315.65	8069.95	8878.67	10129.52	3515.68
Total Term Liability	7315.65	8569.95	12002.81	10129.52	3515.68
Current Liabilities & Provisions	20888.30	20637.64	16666.45	14031.65	12155.13
Total Assets / Liabilities	53820.15	49505.39	46724.14	40690.90	31067.80
Net Sales	155688.13	128932.65	100390.87	84248.17	71924.64
(% Growth year on year)	20.75%	28.37%	19.15%	16.88%	2.53%
Profit Before Interest Depn. & Tax (PBDIT)	12428.68	8334.05	7385.35	5521.53	4741.94
Profit Before Interest Depn. & Tax (PBDIT)-%	7.98	6.46	7.48	6.66	6.59
Interest	1115.92	914.01	1206.84	546.02	227.25
Depreciation	2722.88	2624.67	2307.64	1685.70	1536.23
Profit Before Tax (PBT)	8589.88	4793.49	3870.87	3289.81	2978.46
Profit After Tax (PAT)	6712.89	3401.91	2461.00	2068.58	1931.92
Earnings per Share (EPS) (Rs.)	16.78	8.51	6.15	5.17	4.83
Book Value per Share (Rs.)	64.05	50.75	45.14	41.33	38.50
Dividend Payout	# 150.00%	125.00%	100.00%	100.00%	100.00%
Dividend per share	# 3.00	2.50	2.00	2.00	2.00

# Recommended by Board of Directors

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON THURSDAY, THE 9<sup>TH</sup> DAY OF AUGUST, 2012 AT 11:00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SEC-18, GURGAON-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS: -**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare a dividend of Rs. 3/- per equity share on 3,99,95,000 equity shares of Rs. 2/- each for the financial year 2011-12.
3. To appoint a Director in place of Mr. Krishan Chand Sethi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Kumar Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vinod Kumar Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s S. R. Batliboi & Co., Chartered Accountants (Registration No. 3013003E), Gurgaon the retiring Auditors of the Company as Auditors, who shall hold that office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

To consider and, if thought fit, to pass with or without modification(s), the following Resolutions :

#### **As Ordinary Resolutions**

#### **7. Appointment of Mr. Katsuhiko Matsuura as a Director of the Company**

"RESOLVED THAT Mr. Katsuhiko Matsuura who has been appointed by the Board of Directors as an Additional Director of the Company w.e.f. May 23, 2012 in terms of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation."

#### **8. Variation in the Terms of Appointment of Mr. Tetsuo Terada- Joint Managing Director**

"RESOLVED THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Sixth Annual General Meeting held on August 11, 2011, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Mr. Tetsuo Terada- Joint Managing Director be increased to Rs. 7,50,000/- per month from Rs. 6,00,000/- per month with effect from September 01, 2012 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment shall remain unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.”

#### As Special Resolution

#### 9. Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal - Managing Director

“RESOLVED THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Sixth Annual General Meeting held on August 11, 2011, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Mr. Yogesh Chander Munjal- Managing Director be increased to Rs. 10,00,000/- per month from Rs. 8,50,000/- per month with effect from September 01, 2012 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment shall remain unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.”

Place: New Delhi  
Date: May 23, 2012

By order of the Board  
For **MUNJAL SHOWA LTD.**

**Registered Office:**  
9-11, Maruti Industrial Area  
Gurgaon, Haryana - 122 015

**PANKAJ GUPTA**  
**GM (F&A) & COMPANY SECRETARY**

#### NOTES:-

- 01) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS SENT HERewith.**
- 02) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 7 to 9 of the accompanying notice as required by Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details of persons seeking re-appointment under Item No. 3 to 5, as required by clause 49 IV (G) (i) of the listing agreement with the Stock Exchanges are also annexed.
- 03) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 21, 2012 to Thursday, August 09, 2012 (both days inclusive).
- 04) The dividend as recommended by the Board of Directors, if approved at the Twenty Seventh Annual General Meeting, shall be paid to those members whose names appear on the Company's Register of Members of the Company on Thursday, August 09, 2012. In respect of the shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), depositories for this purpose.

- 05) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 2005-06 and thereafter, which remains unclaimed for a period of 7 years would be transferred by the Company to the “Investor Education and Protection Fund (IEPF)” established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividends declared for the financial years 1994-95 to 2003-04 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2004-05 is in the process of transfer to IEPF.
- 06) Information in respect of unclaimed dividend pertaining to subsequent financial years when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of Dividend	Last date upto which claim can be lodged for unpaid Dividend
31.03.2006	28.08.2006	03.09.2013
31.03.2007	07.08.2007	13.08.2014
31.03.2008	07.08.2008	13.08.2015
31.03.2009	07.08.2009	13.08.2016
31.03.2010	11.08.2010	17.08.2017
31.03.2011	11.08.2011	17.08.2018

Shareholders who have not so far en-cashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which remain unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.**

- 07) Members are requested to notify immediately any change of address
- To their Depository Participants (DPs) in respect of their electronic share accounts, and
  - To the Company's Registrar, MCS Limited, F-65 Okhla Industrial Area, Phase I, New Delhi 110 020 in respect of their physical share folios, if any, quoting their folio number.
- 08) Electronic Clearing Service (ECS) Facility
- The Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the major cities and towns. Members holding shares in the physical form who wish to avail ECS facility may authorize the Company with their ECS mandate in the prescribed Form which can be obtained from the Company upon request.
- 09) Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of bank Account.**

- 10) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Other members / transferee(s) are required to furnish a copy of their PAN to the Company / Registrar & Transfer Agent, MCS.
- 11) Members are requested to bring their copy of the Annual Report and Attendance Slip duly filled in to the Annual General Meeting.
- 12) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

## **ANNEXURE TO THE NOTICE**

### **A. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **Item No. 7**

Mr. Katsuhiko Matsuura has been nominated by the Technical and Financial Collaborator M/s Showa Corporation, Japan to be appointed as a Director in place of Mr. Akira Kadoya. In pursuance of the above, Mr. Katsuhiko Matsuura was appointed as an additional director with effect from May 23, 2012, by the Board of Directors in terms of the provisions contained under Section 260 of the Companies Act, 1956, and Article 89 of the Articles of Association of the Company.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- signifying his intention to propose the candidature of Mr. Katsuhiko Matsuura for the office of the Director of the Company.

#### **Item No. 8**

The Members had approved basic salary of Mr. Tetsuo Terada- Joint Managing Director Rs. 6,00,000/- with effect from September 01, 2011 in the Twenty Sixth Annual General Meeting held on August 11, 2011. The job responsibilities of Joint Managing Director have increased in view of increase in the volume of business of IIIrd Plant at Haridwar (Uttarakhand) & IIInd Plant at Manesar. Keeping in view the above and on the basis of recommendation of Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 23rd, 2012, revised the basic salary of Joint Managing Director to Rs. 7,50,000/- per month from Rs. 6,00,000/- per month with effect from September 1, 2012 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Tetsuo Terada, no other director is interested /concerned in the Resolution under Item no. 8.

The Board recommends the resolution to the members for their approval.

#### **Item No. 9**

The Members had approved basic salary of Mr. Yogesh Chander Munjal- Managing Director Rs. 8,50,000 with effect from September 01, 2011 in the Twenty Sixth Annual General Meeting held on August 11, 2011. The job responsibilities of Managing Director have considerably increased in the volume of business of IIIrd Plant at Haridwar (Uttarakhand) & IIInd Plant at Manesar. Keeping in view the above and on the basis of recommendation of Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 23rd, 2012, revised the basic salary of Managing Director to Rs. 10,00,000/- per month from Rs. 8,50,000/- per month with effect from September 1, 2012 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Yogesh Chander Munjal, no other director is interested /concerned in the Resolution under Item no. 9. The Board recommends the resolution to the members for their approval to be adopted as special resolution in view of the age more than 70 years.

Mr. Yogesh Chander Munjal does not hold any equity shares in the Company.

## B. INFORMATION PURSUANT TO CLAUSE 49(IV) (G) (i) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

### a) Mr. Krishan Chand Sethi

Mr. Krishan Chand Sethi aged 74 years is Master of Economics from the Delhi University and D.Sc. in Economics and Management Enterprises from the University of Zagreb, Croatia. He was Director General of Mangalmay Institute of Management and Technology, Greater Noida, until November 2002. Earlier he was Director General of BLS Institute of Management, Ghaziabad and Director of ITS (Institute of Technology and Science). Mr. Sethi an eminent Scholar, Academician and administrator having experience of around 35 years in the field of Management Education, was also associated with many of the leading and well known institutions in India like IIM Calcutta, MDI Gurgaon, Director of IMT Ghaziabad, etc.

He does not hold directorship/committee membership in any other Company.

Mr. Krishan Chand Sethi does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Krishan Chand Sethi retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

### b) Mr. Ashok Kumar Munjal

Mr. Ashok Kumar Munjal, 61 is a Commerce and Law Graduate from Punjab University, Chandigarh. He joined Munjal Showa Limited in 1989 as Non-executive Director of the Company. He has rich experience of 36 years in the field of engineering industry, investment, finance and auto component. He is on the Board of the following Companies:

S.No.	Name of Company	Nature of Office
1	Sunbeam Auto Private Limited	Managing Director
2	Orient Craft Limited	Director
3	Sunglow Industries Private Limited	Director
4	SKH Education Private Limited	Director
5	Maruti Insurance Broking Private Limited	Director
6	H & H Industries Private Limited	Director

Mr. Ashok Kumar Munjal does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Ashok Kumar Munjal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

### c) Vinod kumar Agrawal

Mr. Vinod Kumar Agrawal aged 69 years, is a graduate in commerce and law from University of Lucknow. He topped Lucknow University in LLB and LLM examination and was awarded five Gold Medals. He cleared Civil services exams of UPSC in 1966 and joined Indian Customs and Excise services in 1967. He served the prestigious positions in the Government of India. He served as member of Custom Excise and Service Tax Appellate Tribunal. He also served as Chairman of two members committee for simplification of excise procedures. He as a member of CEGAT (now termed as CESTAT) passed various judicial orders resolving disputes on classification, valuation, CENVAT credit, refunds etc. He was awarded by the President of India for "DISTINGUISHED RECORD OF SERVICE" on Republic Day in 1998.



He is presently holding the membership/ Directorship of the Board of the following Companies:

Sl. No.	Name of Company	Nature of Office
1	Munjal Kiriu Industries Private Limited	Director

He does not hold directorship/committee membership in any other Company.

Mr. Vinod Kumar Agrawal does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Vinod Kumar Agrawal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

**d) Mr. Katsuhiko Matsuura**

Mr. Katsuhiko Matsuura aged 55 years, is graduate from Japan. He started his career in 1978 in Production Department, Asaba Plant, Showa Corporation, Japan. He was promoted as a Manager in Production of Asaba plant in July 2000. In 2004, he was stationed to Spain and appointed as Vice President of Showa Europe S. A. In 2010 he returned to Showa Corporation and served as Manager overseas production support for Motorcycle Parts and in June 2011, he was promoted as General Manager of production planning office, Showa Corporation, Japan.

He does not hold directorship/committee membership in any other Company in India.

Mr. Katsuhiko Matsuura does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

None of the directors except Mr. Katsuhiko Matsuura himself is concerned or interested in the above resolution under item number 7. The Board recommends his re-appointment.

## INSPECTION

Copies of all relevant documents and papers referred to in the accompanying Notice and Explanatory Statement are kept open for inspection by Members between 11.00 A.M. to 1.00 P.M. on any working day except Sundays and Public Holidays, up to the date of Meeting at the Registered Office of the Company.

Place: New Delhi  
Dated: May 23, 2012

By order of the Board  
For **MUNJAL SHOWA LTD.**

**Registered Office:**  
9-11, Maruti Industrial Area  
Gurgaon, Haryana - 122 015

**PANKAJ GUPTA**  
**GM (F&A) & COMPANY SECRETARY**



## DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 27<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2012.

### FINANCIAL RESULTS AND APPROPRIATIONS

The salient features of the Company's Financial Results for the year under review are as follows:

	Year Ended 31.03.12	(Rs. In Lacs) Year Ended 31.03.11
Sales and other Income	167568.49	139075.53
Profit before Interest, Depreciation & Tax	12428.68	8332.17
Financial Cost	1115.92	914.01
Depreciation	2722.88	2624.67
Profit before Tax	8589.88	4793.49
Provision for Taxation	1876.99	1391.58
Profit after Tax	6712.89	3401.91
Net Profit brought forward	3590.03	2347.12
Profit available for appropriation	10302.92	5749.03
Dividend (Recommended)	1199.85	999.88
Dividend Tax (Net)	194.64	159.12
Transfer to General Reserve	2000.00	1000.00
Surplus carried to Balance Sheet	6908.43	3590.03

### OPERATIONS

The Company has achieved a record sales turnover of Rs. 167568.49 lacs registering a growth of 20.49 per cent vis-à-vis Rs. 139,075.53 lacs in the previous year. The profit before tax in the current year was at Rs. 8,589.88 lacs as compared to Rs. 4,793.49 lacs in the previous year registering a growth of 79.20 per cent.

### FUTURE PROSPECTS

It has become clearer that Indian economy will not be able to achieve its GDP growth forecast of 8% or thereabouts, it might have the possibility to settle for a figure as estimated by IMF around 6.9 per cent in 2012 and 7.3 per cent next year, as a result of weak demand and higher interest rates, another flare-up of the euro-zone sovereign debt crisis or sharp escalation in oil prices on geopolitical uncertainty could easily undermine confidence and disrupt the improving growth path for world economy. With the passing of the crisis and some good news about the US economy, some optimism has returned.

As per Consumer Confidence Survey March 2012 conducted by Reserve Bank of India households' perception about current economic conditions and expectation for next one year has decreased in terms of net response; however, more than half of the respondents continue to feel that the current economic conditions and future prospects are favourable. Majority of respondents perceive that household circumstances have become better, though the proportion of respondents reporting worsening of current household circumstances has increased as compared with the previous round.

While the growth prospects of the Indian auto components industry remain promising, there are new challenges as we evolve into a critical part of the global auto ecosystem. For Indian suppliers, on one hand there is the need to maintain competitiveness in an inflationary environment and on the other they need to compete with the best in an increasingly uncertain global market. The increase in petrol prices may impact the sales of 4 Wheeler sales but subsequent proposal for increase in duties of diesel vehicles & increase in diesel prices in order to balance the fiscal deficit will neutralize the shift towards diesel run vehicles. Further, OEMs internationally are reducing the number of suppliers that they wish to work with. Thus, it calls for Tier-1 suppliers to facilitate up-gradation and scaling up capacity, quality, technology, people and even hand hold the Tier-II and Tier-III suppliers, without which it will be really difficult to sustain the industry's competitiveness in the long term.

Our existing customers have targeted to meet predetermined sales targets with around 10 per cent growth, with the support of new models likely to be launched both in 2 Wheeler and 4 Wheeler segment in the coming year i.e.2012-13. In brief, all customers of the Company are on growth path and Company is confident to meet their increased demand.

### **TRANSFER TO GENERAL RESERVE**

The Board proposes to transfer an amount of Rs.2000.00 lacs to General Reserve, having regard to the requirements of Section 205 (2A) of the Companies Act, 1956. The balance amount of Rs. 6908.43 lacs (Previous year Rs. 3,590.03 lacs) will be retained in the Profit and Loss Account.

### **DIVIDEND**

Your directors are pleased to recommend a dividend of 150 per cent (i.e. Rs. 3/- Per equity share of Rs. 2/- each) for the year ended March 31, 2012 amounting to Rs.1199.85 lacs in aggregate as compared to 125 per cent i.e. Rs. 2.50 per share in the corresponding last year. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 194.64 lacs. The dividend, if approved, at the Annual General Meeting shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from July 21, 2012 to August 09, 2012 (both days inclusive).

### **DIRECTORS**

Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal and Mr. Vinod Kumar Agrawal, the directors of the Company are liable to retire by rotation from the Board at the ensuing Annual General Meeting. Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal and Mr. Vinod Kumar Agrawal being eligible have offered themselves for re-appointment.

Mr. Akira Kadoya- non executive director has resigned from the post of director w.e.f. May 23, 2012. The Board places on record their appreciation for the valuable services rendered by Mr. Akira Kadoya during his tenure as Director of the Company.

Mr. Katsuhiko Matsuura has been appointed as an additional director under Section 260 of the Companies Act, 1956 read with Article 89 of the Articles of Association of the Company w.e.f May 23, 2012. He shall hold office of director up to the date of ensuing Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, proposing his candidature as Director at the ensuing Annual General Meeting of the Company, has been received.

Brief resumes of Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Katsuhiko Matsuura have been appended to the Notice of the Annual General Meeting.

Your directors recommend their appointment/ re-appointment at the ensuing Annual General Meeting.

### **CORPORATE GOVERNANCE**

Report on Corporate Governance and Management Discussion & Analysis Report along with Certificate of the Auditors of your Company pursuant to clause 49 of the Listing Agreement with the Stock Exchanges,